

11-17-2009

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

REC
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103580805

To the Director of the U. S. Patent and Trade

mark Office and enclosed documents or the new address(es) below.

1. Name of conveying party(ies):

Physicians Formula, Inc., a New York corporation

- ☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation- State: New York
☐ Other _____

Citizenship (see guidelines) _____

Additional names of conveying parties attached? ☐ Yes ☒ No

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) November 6, 2009

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? ☐ Yes ☒ No

Name: Wells Fargo Bank, National Association

Internal

Address: Relationship Mgr -- Physicians Formula

Street Address: 245 S. Los Robles Ave., Suite 700

City: Pasadena

State: California

Country: USA Zip: 91101

- ☒ Association Citizenship _____
☐ General Partnership Citizenship _____
☐ Limited Partnership Citizenship _____
☐ Corporation Citizenship _____
☐ Other LLC Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No
(Designations must be a separate document from assignment)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

None

B. Trademark Registration No.(s)

3,496,856; 3,262,868; 3,169,240; 3,127,457; 3,189,776

Additional sheet(s) attached? ☒ Yes ☐ No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: Morgan, Lewis & Bockius LLP-

Internal Address: Kathryn Romano, Paralegal

Street Address: 300 S. Grand Avenue, 22nd Floor

City: Los Angeles

State: California Zip: 90071-3132

Phone Number: 213.612.7302

Fax Number: 213.612.2501

Email Address: kromano@morganlewis.com

6. Total number of applications and registrations involved:

58

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 1,465.00

- ☐ Authorized to be charged by credit card
☐ Authorized to be charged to deposit account
☒ Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____

Expiration Date _____

11/17/2009 NJAMA1

00000013 3496856

b. Deposit Account Number _____

Authorized User Name _____

40.00
1425.00

9. Signature:

Signature

November 11, 2009

Date

Kathryn Romano

Name of Person Signing

Total number of pages including cover sheet, attachments, and document:

15

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

TRADEMARK
REEL: 004097 FRAME: 0454

EXHIBIT B
UNITED STATES TRADEMARKS AND SERVICE MARKS

REGISTRATIONS

<u>U.S. Trademarks Registered</u>	<u>Registration No.</u>
Actiplump	3,496,856
Artist's Eraser	3,262,868
Baked Berries	3,169,240
Baked Berry	3,127,457
Baked Butter	3,189,776
Baked Cocoa	3,146,080
Baked Ginger	3,146,079
Baked Gingersnap	3,112,495
Baked Oatmeal	3,189,775
Baked Pyramid	3,382,889
Baked Sands	3,189,777
Baked Smokes	3,169,239
Baked Spices	3,189,774
Baked Sugar	3,197,148
Baked Sweets	3,107,413
Baked to Perfection	3,235,191
Blemish Rx	3,402,746
Bronze Gems	3,332,539
Brow-Tweez	3,446,275
Circle RX & Design	3,419,413
Cliniclear Technology	3,586,902
Conceal RX & Mortar & Pestle Design	3,325,455
Cover 2 Go	3,235,257
Covertotexten50	3,277,212
Derm@Home	3,170,157
Durascreen	1,695,175
Eco-Olive	3,446,345
Ecoblend	3,423,809
Eurobuffer	3,295,301
Exerc'Eyes	3,064,200
Face Aid	3,202,539
F.L.A.T.	3,346,200
How Green is Your Makeup?	3,544,638
Illuminating Veil	3,402,750
Line Erase RX & Design	3,641,110
Magic Mosaic	3,098,670
Mineral Bronzebrightener	3,644,714
Mineral Wear	3,104,495
Mineral Wear	3,164,117

<u>U.S. Trademarks Registered</u>	<u>Registration No.</u>
Mineral Wear	3,373,540
Mineral Wear	3,595,401
Mineral Wear	3,554,909
My Secret Formula	3,577,246
Organic Wear	3,454,574
Organisoy	3,423,808
Painter's Palette	3,331,759
Painter's Tube	3,320,750
PF	3,277,282
PF & Palette Design	3,294,477
Physicians Formula & Design (Line)	3,494,604
Plump Potion	3,341,830
Plump Potion	3,455,125
Pro-Cover	3,276,953
Revined	3,074,104
Silipcone	3,419,412
The Once-A-Day, All Day Sunscreen	2,021,117
Wanderful Brow Wand	3,407,243

<u>California Trademarks Registered</u>	<u>Registration No.</u>
Physicians Formula	112615
Physicians Formula & Line Design	112616

APPLICATIONS

<u>Trademarks Pending</u>	<u>Application No.</u>
None	

PATENT AND TRADEMARK SECURITY AGREEMENT

This Patent and Trademark Security Agreement (this "Agreement"), dated as of November 6, 2009, is made by and between PHYSICIANS FORMULA, INC., a New York corporation having a business location at the address set forth below next to its signature (the "Company"), and Wells Fargo Bank, National Association (the "Secured Party"), acting through its Wells Fargo Business Credit operating division, and having a business location at the address set forth below next to its signature.

Recitals

Company and the Secured Party are parties to that certain Credit and Security Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Credit Agreement") setting forth the terms on which the Secured Party may now or hereafter extend credit to or for the account of Company.

As a condition to extending credit to or for the account of Company, the Secured Party has required the execution and delivery of this Agreement by Company.

ACCORDINGLY, in consideration of the mutual covenants contained in the Loan Documents and herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto or in the Credit Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Patents" means all of Company's right, title and interest in and to patents or applications for patents, fees or royalties with respect thereto, and including without limitation the right to sue for past, present and future infringement and damages therefor, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A.

"Security Interest" has the meaning given in Section 2 below.

"Trademarks" means all of Company's right, title and interest in and to:
(i) trademarks, service marks, registrations and applications for registration therefor, and the respective goodwill associated therewith, (ii) fees or royalties with respect thereto, and (iii) the right to sue for past, present and future infringement, dilution and damages therefor, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

2. Security Interest. Company hereby pledges, collaterally assigns and grants to the Secured Party a Lien and security interest (collectively referred to as the "Security Interest") in the Patents and in the Trademarks, as security for the payment and performance of all Indebtedness; provided, however, notwithstanding the foregoing, no Lien is hereby granted on any Excluded Property, and such Excluded Property shall not be deemed to be "Collateral"; provided further, that if and when any property shall cease to be Excluded Property, a Lien on and

security interest in such property shall be deemed granted therein and such property shall be deemed to be "Collateral." As set forth in the Credit Agreement, the Security Interest is coupled with a security interest in substantially all of the personal property of Company. This Agreement grants only the Security Interest herein described, is not intended to and does not affect any present transfer of title of any Trademarks owned by Company and makes no assignment and grants no right to assign or perform any other action with respect to any intent to use Trademark applications owned by Company, unless such action is permitted under 15 U.S.C. § 1060.

3. Representations, Warranties and Agreements. Company represents, warrants and agrees as follows:

(a) **Existence; Authority.** Company is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and this Agreement has been duly and validly authorized by all necessary corporate action on the part of Company.

(b) **Patents.** Exhibit A accurately lists all Patents owned or controlled by Company as of the date hereof, or to which Company has a right as of the date hereof to have assigned to it, and accurately reflects the existence and status of applications and letters patent pertaining to the Patents as of the date hereof. If after the date hereof, Company owns, controls or has a right to have assigned to it any Patents not listed on Exhibit A, or if Exhibit A ceases to accurately reflect the existence and status of applications and letters patent pertaining to the Patents, then Company shall provide written notice to the Secured Party with a replacement Exhibit A in accordance with Section 5.1(i) of the Credit Agreement, which upon acceptance by the Secured Party shall become part of this Agreement.

(c) **Trademarks.** Exhibit B accurately lists all Trademarks (excluding "intent-to-use" Trademark applications as described in the definition of "Collateral" in the Credit Agreement") owned or controlled by Company as of the date hereof and accurately reflects the existence and status of Trademarks and all applications and registrations pertaining thereto as of the date hereof; provided, however, that Exhibit B need not list common law marks (i.e., Trademarks for which there are no applications or registrations) which are not material to Company's or any Affiliate's business(es). If after the date hereof, Company owns or controls any Trademarks (excluding "intent-to-use" Trademark applications as described in the definition of "Collateral" in the Credit Agreement") not listed on Exhibit B (other than common law marks which are not material to Company's or any Affiliate's business(es)), or if Exhibit B ceases to accurately reflect the existence and status of applications and registrations pertaining to the Trademarks, then Company shall provide written notice to the Secured Party with a replacement Exhibit B in accordance with Section 5.1(i) of the Credit Agreement, which, upon acceptance by the Secured Party shall become part of this Agreement.

(d) **Third Parties.** As of the date hereof, (i) neither Physicians Formula Holdings, Inc., nor any of its Subsidiaries (other than Physicians Formula Cosmetics, Inc.) owns, controls, or has a right to have assigned to it any items that would, if such item were owned by Company, constitute Patents or Trademarks and (ii) no other third party owns, controls, or has a right to have assigned to it any items that would constitute Patents or Trademarks used by the Company in its business operations other than licenses of Patents and Trademarks granted to third

parties in the ordinary course of business, copies of which have been provided to Secured Party. If after the date hereof any such party owns, controls, or has a right to have assigned to it any such items, then Company shall promptly either: (x) cause such third party to assign all of its rights in such item(s) to Company; or (y) notify the Secured Party of such item(s) and cause such third party to execute and deliver to the Secured Party a patent and trademark security agreement substantially in the form of this Agreement.

(e) **Title.** Company has good and marketable title to each Patent and each Trademark listed on Exhibit A and Exhibit B, free and clear of all Liens except Permitted Liens. Company (i) will have, at the time Company acquires any Patents or Trademarks hereafter arising, good and marketable title to each such Patent or Trademark free and clear of all Liens except Permitted Liens, and (ii) will keep all Patents and Trademarks free and clear of all Liens except Permitted Liens.

(f) **No Sale.** Except as permitted in the Credit Agreement, Company will not assign, transfer, encumber or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.

(g) **Defense.** Company will at its own expense and using commercially reasonable efforts, protect and defend the Patents and Trademarks against all claims or demands of all Persons other than those holding Permitted Liens.

(h) **Maintenance.** Company will at its own expense maintain the Patents and the Trademarks to the extent legally permissible and to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters patent or trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent, trademark registrations and applications therefor. Company covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit or renewal in support thereof, without first providing the Secured Party: (i) sufficient written notice, of at least thirty (30) days, to allow the Secured Party to timely pay any such maintenance fees or annuities which may become due on any Patents or Trademarks, or to file any affidavit or renewal with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit or renewal, should such be necessary or desirable.

(i) **Secured Party's Right to Take Action.** If Company fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives Company written notice thereof (or, in the case of the agreements contained in subsection (h), immediately upon the occurrence of such failure, without notice or lapse of time), or if Company notifies the Secured Party that it intends to abandon a Patent or Trademark, the Secured Party may (but need not) perform or observe such covenant or agreement or take steps to prevent such intended abandonment on behalf and in the name, place and stead of Company (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure or prevent such intended abandonment.

(j) **Costs and Expenses.** Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, Company shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (i) or exercising its rights under Section 5, together with interest thereon from the date expended or incurred by the Secured Party at the Default Rate.

(k) **Power of Attorney.** To facilitate the Secured Party's taking action under subsection (i) and exercising its rights under Section 5, Company hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of Company with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of Company, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by Company under this Section 3, or, necessary for the Secured Party, upon the occurrence and during the continuation of an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Credit Agreement as provided therein and the payment and performance of all Indebtedness.

4. **Events of Default.** Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Credit Agreement, shall occur; or (b) Company shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made except if made as of an earlier date, in which case, on such date.

5. **Remedies.** Upon the occurrence and continuance of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:

(a) The Secured Party may exercise any or all remedies available under the Credit Agreement.

(b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks in accordance with this Agreement.

(c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, Company shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

6. Credit Agreement. Company hereby acknowledges and affirms that the rights and remedies of the Credit Agreement with respect to the Patents and Trademarks are more fully set forth in the Credit Agreement, the terms and provisions of which are hereby incorporated by reference as if fully set forth herein. In the event of any conflict between the terms of this Agreement and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern.

7. Termination. This Agreement and the Security Interest granted hereby shall terminate in full as set forth in Section 2.6 of the Credit Agreement. In connection with any termination or release pursuant to Section 2.6 of the Credit Agreement, the Secured Party shall promptly execute and deliver to Company all documents that Company shall reasonably request to evidence such termination or release.

8. Miscellaneous. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor under this Agreement shall be given in the manner and with the effect provided in the Credit Agreement. The Secured Party shall not be obligated to preserve any rights Company may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Company and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by Company and delivered to the Secured Party, and Company waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by Company shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of California. Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining terms of this Agreement. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Indebtedness.

9. Arbitration. The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise arising out of or relating to in any way this Agreement and its negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination.

(a) Governing Rules. Any arbitration proceeding will (i) proceed in a location in Los Angeles, California selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(b) No Waiver of Provisional Remedies; Self-Help and Foreclosure. The arbitration requirement does not limit the right of any party (if not otherwise restricted by the terms and conditions of this Agreement) to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(c) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State of California or a neutral retired judge of the state or federal judiciary of California, in either case with a minimum of ten years experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of California and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the California Rules of Civil Procedure or other applicable law. Judgment upon the award rendered

by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(d) Discovery. In any arbitration proceeding discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date and within 180 days of the filing of the dispute with the AAA. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(e) Class Proceedings and Consolidations. The resolution of any dispute arising pursuant to the terms of this Agreement shall be determined by a separate arbitration proceeding and such dispute shall not be consolidated with other disputes or included in any class proceeding.

(f) Payment of Arbitration Costs and Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

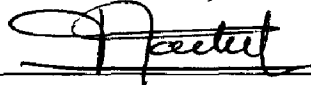
(g) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the Loan Documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Loan Documents or any relationship between the parties.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written above.

Physicians Formula, Inc.
1055 West 8th Street
Azusa, California 91702
Attention: Jeff Berry

PHYSICIANS FORMULA, INC.

By: 
Name: Ingrid Jackel
Title: Chief Executive Officer

Wells Fargo Business Credit
245 S. Los Robles Avenue, Suite 700
Pasadena, California 91101
Telecopier: 626.844.9063
Attention: Relationship Manager – Physicians
Formula

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____
Name: _____
Title: _____

WFBC/Physicians Formula
Patent and Trademark Security Agreement (Borrower)

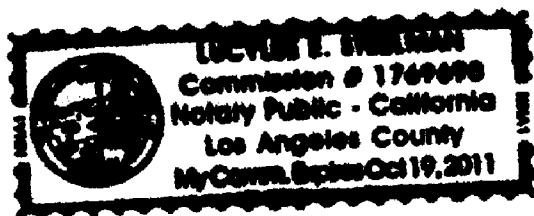
DB2/21368258

STATE OF CALIF)
)
COUNTY OF LA)

On this 2 day of November 2009, before me, Lucy Lee E. Steedman, Notary Public, personally appeared Ingrid Jackel, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity on behalf of which the person acted, executed this instrument. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Witness my hand and official seal

Lucy Lee E. Steedman



WFBC/Physicians Formula
Patent and Trademark Security Agreement (Borrower)

DB2/21368258

TRADEMARK
REEL: 004097 FRAME: 0465

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written above.

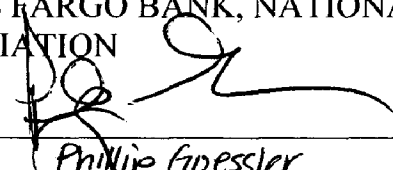
Physicians Formula, Inc.
1055 West 8th Street
Azusa, California 91702
Attention: Jeff Berry

PHYSICIANS FORMULA, INC.

By: _____
Name: _____
Title: _____

Wells Fargo Business Credit
245 S. Los Robles Avenue, Suite 700
Pasadena, California 91101
Telecopier: 626.844.9063
Attention: Relationship Manager – Physicians
Formula

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By:  _____
Name: Phillip Goessler
Title: Vice President

WFBC/Physicians Formula
Patent and Trademark Security Agreement (Borrower)

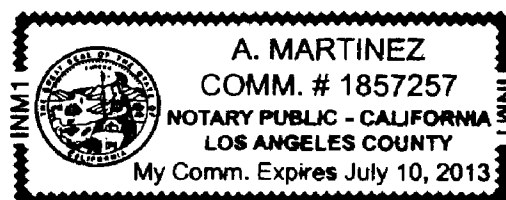
DB2/21368258

STATE OF CA)
COUNTY OF Los Angeles)

On this 5 day of November 2009, before me, A. Martinez, Notary Public, personally appeared Phillip Carlton Goessler, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity on behalf of which the person acted, executed this instrument. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Witness my hand and official seal

A. Martinez, Notary Public



WFBC/Physicians Formula
Patent and Trademark Security Agreement (Borrower)

DB2/21368258

TRADEMARK
REEL: 004097 FRAME: 0467

EXHIBIT A
UNITED STATES ISSUED PATENTS

None.

UNITED STATES PATENT APPLICATIONS

None.